

Teesta Agro Industries Limited (Revised)

September 30, 2022

Rating

Facilities/Instruments	Amount (₹ crore)	Rating	Rating Action
Long Term Bank Facilities	17.50	CARE BB+; Stable; ISSUER NOT COOPERATING* (Double B Plus; Outlook: Stable ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
Short Term Bank Facilities	20.25	CARE A4+; ISSUER NOT COOPERATING* (A Four Plus ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
Total Bank Facilities	37.75 (Rs. Thirty-Seven Crore and Seventy-Five Lakhs Only)		

Details of instruments/facilities in Annexure-1.

Detailed rationale and key rating drivers

CARE had, vide its press release dated July 07, 2021, placed the ratings of Teesta Agro Industries Limited (TAIL) under the 'issuer non-cooperating' category as TAIL had failed to provide information for monitoring of the rating and had not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. TAIL continues to be non-cooperative despite repeated requests for submission of information through phone calls and emails dated September 22, 2022, among others.

In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

Detailed description of the key rating drivers

At the time of last rating on [July 07, 2021](#), the following were the rating strengths and weaknesses (updated for the information available from Registrar of Companies, Banker Interaction):

Detailed description of the key rating drivers**Key Rating Weaknesses****Small scale of operations**

The total revenue from operations remained stable at Rs.67.55 crore in FY21 and improved to Rs.181.95 crore in FY22. The Company is relatively small with tangible net worth at Rs.91.92 crore and total capital employed at Rs.96.11 crore as on March 31, 2020. As on March 31, 2022, the tangible net-worth and total capital employed stood at Rs.94.26 crore and Rs.102.47 crore respectively. In Q1FY23, the company earned PAT of Rs.0.40 crore on income from operations of Rs.74.63 crore.

Commodity price fluctuation and forex risk

The key raw material required for the manufacturing of phosphate-based fertilizers is rock phosphate and sulphuric acid. India is a net importer of rock phosphate and the prices of rock phosphate and sulphuric acid, which are the major raw materials for Single Super Phosphate (SSP), have been volatile due to linkages with the international market. The company imports a large portion of its raw material requirement, which exposes the company to forex risk.

Highly regulated nature of industry

The fertilizer industry in India is highly regulated in nature with intervention of the Central Government in fixation and release of the subsidy amount. Thus, various government policies and subsidy fixation have an impact on the prospects of the industry players.

Geographical concentration risk

The operation of the company is concentrated with majority of its revenues derived from the state of West Bengal.

Working capital intensive nature of operations

The operations of the company are working capital intensive due to delay in collection of subsidy proceeds from the government, which takes around 5 to 6 months.

Key Rating Strengths

Significant experience of promoters in the fertilizer industry

TAIL was promoted by Mr. Hardev Singh (MD) having around three decades of experience in the fertilizer industry. He is supported by his two sons Mr. Paramdeep Singh and Mr. Inderdeep Singh, both commerce graduates having more than a decade of experience in the fertilizer industry.

Established brand image with strong marketing & distribution network

TAIL markets its product under the brand name of "Kanchan", which is a well-accepted brand in phosphate based fertilizers segment. Furthermore, TAIL has well established marketing network of distributors (mostly in West Bengal) across the country

Improved financial performance in FY22

In FY21 (A), the total operating income stood stable at Rs.67.55 crore. However, PBILDT margin deteriorated to -26.04% in FY21 (A). Interest coverage ratio also deteriorated from -18.05x to 21.34x in FY21. The company reported gross cash accruals of Rs.4.41 crore in FY21 vis-à-vis nil debt repayment.

TAIL's total operating income moderated by 170% y-o-y to Rs.181.95 crore in FY22. PBILDT margin improved from 29.06% in FY21 to 6.62% in FY22. Interest coverage ratio showed improvement from -21.34x in FY21 to 26.17x in FY22. The company reported gross cash accruals of Rs.9.40 crore in FY22 vis-à-vis nil debt repayment.

Comfortable capital structure and debt protection metric

TAIL's capital structure continued to remain comfortable with overall gearing excluding acceptances at 0.09x as on March 31, 2022 (0.08x as on March 31, 2021). Total debt/GCA excluding acceptances improved from 1.65x as on March 31, 2022 to 1.02x as on March 31, 2021.

Analytical approach: Standalone

Applicable criteria

[Policy in respect of Non-cooperation by issuer](#)

[Policy on default recognition](#)

[Financial Ratios – Non financial Sector](#)

[Rating Outlook and Credit Watch](#)

About the company

Teesta Agro Industries Limited (TAIL), promoted by Punjab-based Mr. Hardev Singh, was incorporated as Sunderban Fertilizers Ltd in September 1986. Subsequently, in April 1995, the name of the company was changed to its present name. TAIL is engaged in manufacturing of fertilizers like Single Super Phosphate (SSP), mixture fertilizers of various grades and Granulated Single Super Phosphate (GSSP). TAIL has its manufacturing facility located at Jalpaiguri district, West Bengal with an installed capacity of 1,65,000 MTPA of SSP, 66,000 MTPA of GSSP, 66,000 MTPA of Sulphuric Acid (SA; which is captively used to manufacture SSP) and 33,000 MTPA of mixture fertilizers. The company markets its products under the brand name of "Kanchan" and has presence in eastern and north-eastern states of India with major focus in West Bengal.

Brief Financials (₹ crore)	March 31, 2020 (A)	March 31, 2021 (A)	March 31, 2022 (A)	Q1FY23 (U/A)
Total operating income	65.32	67.55	181.95	74.63
PBILDT	-21.48	-19.63	12.04	1.13
PAT	1.93	2.34	6.95	0.40
Overall gearing (times)	0.02	0.08	0.09	-
Interest coverage (times)	-18.05	-21.34	26.17	-

A: Audited; U/A: Unaudited,

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for the last three years: Please refer Annexure-2

Covenants of the rated instruments/facilities: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated for this company: Annexure-4

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	17.50	CARE BB+
Non-fund-based - ST-Letter of credit		-	-	-	17.50	CARE A4+
Non-fund-based - ST-Bank Guarantee		-	-	-	2.00	CARE A4+
Non-fund-based - ST-Forward Contract		-	-	-	0.75	CARE A4+

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021	Date(s) and Rating(s) assigned in 2019-2020
1	Fund-based - LT-Cash Credit	LT	17.50	CARE BB+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (07-Jul-21)	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (23-Apr-20)	-
2	Non-fund-based - ST-Letter of credit	ST	17.50	CARE A4+; ISSUER NOT COOPERATING*	-	1)CARE A4+; ISSUER NOT COOPERATING* (07-Jul-21)	1)CARE A4+; ISSUER NOT COOPERATING* (23-Apr-20)	-
3	Non-fund-based - ST-Bank Guarantee	ST	2.00	CARE A4+; ISSUER NOT COOPERATING*	-	1)CARE A4+; ISSUER NOT COOPERATING* (07-Jul-21)	1)CARE A4+; ISSUER NOT COOPERATING* (23-Apr-20)	-
4	Non-fund-based - ST-Forward Contract	ST	0.75	CARE A4+; ISSUER NOT COOPERATING*	-	1)CARE A4+; ISSUER NOT COOPERATING* (07-Jul-21)	1)CARE A4+; ISSUER NOT COOPERATING* (23-Apr-20)	-

*Long term

Annexure-3: Detailed explanation of the covenants of the rated instruments/facilities: NA**Annexure-4: Complexity level of various instruments rated for this company**

Sr. No.	Name of Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Non-fund-based - ST-Bank Guarantee	Simple
3	Non-fund-based - ST-Forward Contract	Simple
4	Non-fund-based - ST-Letter of credit	Simple

Annexure-5: Bank lender details for this companyTo view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

Contact us**Media contact**

Name: Mradul Mishra

Phone: +91-22-6754 3596

E-mail: mradul.mishra@careedge.in**Analyst contact**

Name: Punit Singhanian

Phone: 9874341122

E-mail: punit.singhanian@careedge.in**Relationship contact**

Name: Lalit Sikaria

Phone: + 91-033- 40181600

E-mail: lalit.sikaria@careedge.in**About us:**

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